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Smart In

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First Newspaper

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The WOLF GIRL

KAMALA
A BABY OF
Godamuri, India,

WAS REARED FOR 8 YEARS
IN THE DEN OF A WOLF—

SHE WAS RESCUED IN 1920, BUT IT WAS
2 YEARS BEFORE SHE LEARNED NOT TO WALK
ON ALL FOURS AND ACT LIKE A WOLF CUB!



A SILVER TALISMAN

WORN BY TUAREG
TRIBESMEN OF
THE SAHARA

IN THE BELIEF IT WILL
WARD OFF BULLETS

A HOUSEWIFE in Papua

ALWAYS CARRIES A
NET BAG ON HER BACK
—USUALLY WITH HER
OLDER CHILD IN THE
TOP COMPARTMENT
A YOUNGER CHILD IN
A MIDDLE POCKET, AND
THE VEGETABLES FOR
DINNER IN THE
BOTTOM OF THE BAG

19-5

IS A COPY
AND DEALERS

WILKES-BARRE, PA., FRIDAY

ashes Claim

RIPLEY INTERNATIONAL LIMITED

Annual Report for the year ended October 31, 1969

Ripley's

® Believe It or Not!

524

THE MOST TRAGIC COINCIDENCE IN HISTORY

THE "LEON", A SPANISH SHIP, WAS
INCAPACITATED IN THE ATLANTIC IN
1819 WHEN ALL 22 MEMBERS OF
ITS CREW WERE STRICKEN BLIND!

THE FRENCH BRIG "RODEUR" PASSED
WITHIN HAILING DISTANCE, BUT COULD
NOT HELP THE "LEON" BECAUSE EVERY
MEMBER OF THE FRENCH SHIP'S CREW
EXCEPT ONE MAN ALSO HAD BEEN
BLINDED BY THE SAME STRANGE
MALADY! THE "RODEUR" REACHED PORT

Forbidding rocks, swept clear of snow, stretch toward the summit of Mount Everest; the peak is caught in a rare unclouded moment. The photo of the 29,028-foot-high mountain was taken at an altitude of 23,000 feet by Barry C. Bishop, one of the members of the American expedition to successfully scale the king of the Himalayas. At right, William F. Floyd, 36, another member of the U. S. party to reach the top, is caught in the process of climbing. The National Geographic expedition succeeded in putting five men at the top.

New York, N.Y.



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RIPLEY INTERNATIONAL LIMITED

110 St. Clair Avenue West, Toronto, Ontario, Canada.

Directors:

T. Alec Rigby • *President of the Company*

C. H. Bristoll • *Executive Vice-President and Treasurer of the Company*

J. B. W. Carmichael • *President, City Buick Pontiac G.M.C. Ltd., Toronto.*

W. A. Corbett • *Partner, Fraser & Beatty, Toronto.*

J. D. Meekison • *Director, Nesbitt, Thomson & Company Limited, Toronto.*

N. J. Short • *Investment Counsel*

Officers:

T. Alec Rigby • *President*

C. H. Bristoll • *Executive Vice-President and Treasurer*

R. V. Poole • *Secretary*

Transfer Agent and Registrar:

CANADA PERMANENT TRUST COMPANY
VANCOUVER, CALGARY, TORONTO AND MONTREAL

Auditors:

CLARKSON, GORDON & CO.,
TORONTO, ONTARIO

Bankers:

THE TORONTO-DOMINION BANK,
TORONTO, ONTARIO

The President's Letter

On behalf of the Board of Directors, I am pleased to submit the annual report of your company for the year ended October 31, 1969, the first annual report of Ripley International Limited as a public company.

For Ripley International, the past year was most eventful. On April 30, 1969, after a period of intensive negotiations, your company purchased all the outstanding shares of Ripley Enterprises, Inc. and its associated companies. Through this purchase, your company acquired not only the universally-known Ripley's "Believe It Or Not!" trademarks, but the extensive and valuable collection of Ripley curios, cartoons and memorabilia, as well as profitable museum operations in Times Square, New York and St. Augustine, Florida.

Simultaneously with the purchase of the Ripley Companies, your company, through an exchange of shares, acquired all the outstanding shares of Talex Illinois, Inc. and International Wax Museums Limited. The former company operates a modern and well-located Ripley's "Believe It Or Not!" museum in Old Town, Chicago which was first opened to the public in late October 1968. International Wax Museums Limited, through a wholly-owned subsidiary, carries on a prospering wax museum business in company-owned premises at St. Petersburg Beach, Florida.

To finance the purchase of the Ripley Companies, Ripley International obtained term bank borrowings of U.S. \$1,000,000 and made its first offering of shares to the public. This public issue increased the capital of the company by some \$3,760,000.

Included in this annual report are the consolidated financial statements of the company and its subsidiaries for the year ended October 31, 1969 with the auditors' report appended. These statements show the company to be in a strong and liquid financial position with working capital of \$336,000 and sufficient cash and term bank deposits to permit not only discharge of current obligations but also to permit expansion of museum and related activities.

Consolidated earnings for the year totalled \$292,000 or 29.2¢ per share based on the number of shares presently outstanding. In arriving at these earnings, depreciation, amortization and similar non-cash charges totalling \$121,000 were deducted and, accordingly, cash generated from operations totalled \$413,000 in the year or 41.3¢ per share based on the number of shares presently outstanding. Comparative amounts for the preceding year are not shown in the statements of consolidated earnings and retained earnings and source and application of funds since the acquisition of new subsidiaries midway through the 1969 year makes comparison with consolidated figures for the preceding year of little value.

Because earnings of the Ripley Companies are included in the consolidated statements only from the date of acquisition on April 30, 1969, or for a six month period, consolidated earnings for the year ended October 31, 1969 as reported should not be considered representative of the current earning power of the company on an annual basis. To permit shareholders to view consolidated earnings on an annual basis, this annual report also includes a pro forma statement of consolidated earnings for the year ended October 31, 1969, which statement reflects operating results as they would have been had the newly-acquired subsidiaries been owned throughout the year. From this statement, it will be noted that pro forma income totalled approximately \$1,855,000 in the 1969 year and after deduction of all expenses, including pre-opening expenses of the Chicago museum of \$25,000 and interest expense of \$106,000, pro forma earnings of \$333,000 or 33.3¢ per share are reported.

Your company currently operates four Ripley's "Believe It Or Not!" museums and two wax museums, and through ownership of the Ripley trademarks is deriving royalty income from the "Believe It Or Not!" newspaper cartoon, publication of pocket books and numerous other sources. Arrangements have recently been completed to establish a "Believe It Or Not!" museum in Gatlinburg, Tennessee. Gatlinburg is centered in the Great Smoky Mountains National Park. This park is annually visited by the greatest number of tourists of any National Park in the United States, and your directors fully expect that the new museum, which is scheduled to open in late June of this year, will make a worth-while contribution to operating results in future years.

Your directors are confident that the current year will show a satisfactory increase in profits and in submitting this report express their appreciation to the company's officers and employees whose efforts have made the past year a successful one.

Respectfully submitted on
behalf of the Board:



T. Alec Rigby,
PRESIDENT

March 11, 1970

Consolidated Balance Sheet

October 31, 1969

(With comparative figures at October 31, 1968)

ASSETS

	1969	1968
Current:		
Cash	\$ 225,857	\$ 90,569
Term bank deposits	443,695	
Inventory, at lower of cost or net realizable value	64,165	22,160
Prepaid expenses	37,073	37,287
Total current assets	<u>770,790</u>	<u>150,016</u>
Fixed, at cost (note 3):		
Building	125,817	125,817
Exhibition materials, office and other equipment (note 2)	1,472,482	69,547
	<u>1,598,299</u>	<u>195,364</u>
Less accumulated depreciation	261,264	54,206
	<u>1,337,035</u>	<u>141,158</u>
Leasehold improvements, less amortization	121,719	128,180
Land	120,312	108,000
Total fixed assets	<u>1,579,066</u>	<u>377,338</u>
Other:		
Trademarks, at cost (note 2)	3,321,263	
Deferred expenses, less amounts written off (note 4)	174,558	131,940
Commission and rent paid in advance		31,332
Total other assets	<u>3,495,821</u>	<u>163,272</u>
	<u>\$5,845,677</u>	<u>\$690,626</u>

On behalf of the Board:

T. Alec Rigby, *Director*

C. H. Bristoll, *Director*

(See accompanying notes to consolidated financial statements)

LIABILITIES

	1969	1968
Current:		
Current maturities of term bank loan	\$ 53,750	\$240,993
Accounts payable and accrued charges	149,718	85,235
Income and other taxes payable	218,623	51,164
Mortgage instalments currently due	12,037	11,754
Due to director		69,334
Due to associated companies		68,874
Total current liabilities	434,128	527,354
Deferred income taxes	5,817	12,850
Non-current:		
Term bank loan (U.S. \$1,000,000) (note 5)	1,075,625	
Less current maturities included with current liabilities (U.S. \$50,000)	53,750	
	1,021,875	
Mortgages (note 6)	74,825	87,265
Total non-current liabilities	1,096,700	87,265
Shareholders' equity:		
Capital (notes 1, 2 and 7) —		
Authorized:		
3,000,000 shares without par value		
Issued:		
1,000,000 shares	3,989,884	1,091
Retained earnings	319,148	62,066
Total shareholders' equity	4,309,032	63,157
	<u>\$5,845,677</u>	<u>\$690,626</u>

AUDITORS' REPORT

To the Shareholders of Ripley International Limited (formerly Talex Corporation Limited):

We have examined the consolidated balance sheet of Ripley International Limited and its wholly-owned subsidiaries as at October 31, 1969 and the statements of consolidated earnings and retained earnings and of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the pooling of interests basis of accounting with respect to the consolidation of the accounts of certain subsidiaries as explained in note 2 to the consolidated financial statements.

Toronto, Canada,
December 31, 1969.

Clarkson, Gordon & Co.
CHARTERED ACCOUNTANTS

(See accompanying notes to consolidated financial statements)

RIPLEY INTERNATIONAL LIMITED
and Subsidiary Companies

**Statement of Consolidated Earnings
and Retained Earnings**

For the Year Ended October 31, 1969

Income from museum operations, royalties, and other sources	\$1,596,127
Operating costs and expenses other than those noted below	852,245
	<u>743,882</u>
Deduct:	
Bank loan and other interest	66,689
Depreciation and amortization of leasehold improvements (note 3)	71,717
Amortization of museum pre-opening and set-up expenses (note 4)	51,519
Amortization of financing expenses (note 4)	4,908
Remuneration of directors and senior officers	59,043
	<u>253,876</u>
Consolidated earnings before income taxes and extraordinary item	490,006
Income taxes	211,924
Consolidated earnings before extraordinary item	<u>278,082</u>
Extraordinary item being reduction in income taxes of a subsidiary through carry-forward of prior years' losses (note 9)	14,000
	<u>292,082</u>
Consolidated Earnings for the Year	292,082
Consolidated retained earnings, beginning of year	62,066
	<u>354,148</u>
Deduct dividend paid December 20, 1968	35,000
Consolidated retained earnings, end of year	<u><u>\$319,148</u></u>

(See accompanying notes to consolidated financial statements)

RIPLEY INTERNATIONAL LIMITED
and Subsidiary Companies

Statement of Consolidated Source
and Application of Funds

For the Year Ended October 31, 1969

Funds were provided from:

Operations —

Earnings for the year	\$ 292,082
Add back charges not requiring an outlay of funds in the year:	
Depreciation and amortization of leasehold improvements	71,717
Amortization of financing expenses	4,908
Amortization of museum pre-opening and set-up expenses	51,519
Deferred income taxes	(7,033)

Total funds provided from operations	413,193
--------------------------------------	---------

Proceeds from issue of share capital —

Treasury shares issued (note 7)	3,802,006
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Shares issued by International Wax Museums Limited in consideration of the assumption by shareholder of company debt	186,787
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Bank borrowings, less amounts due within one year included in current liabilities	1,021,875
---	-----------

Other	38,626
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Total funds provided	5,462,487
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Funds were applied to:

Purchase of Ripley Companies —

Purchase price of shares	4,404,466
--------------------------	-----------

Net current liabilities of Ripley Companies at date of acquisition	68,366
--	--------

Effective cost of land (\$12,312) exhibition materials, office and other equipment (\$1,139,256) and trademarks owned by Ripley Companies	4,472,832
---	-----------

Purchase of additional exhibition materials and leasehold improvements	130,107
--	---------

Deferred financing expenses	98,108
-----------------------------	--------

Dividend paid December 20, 1968	35,000
---------------------------------	--------

Decrease in non-current portion of mortgages payable	12,440
--	--------

Total funds applied	4,748,487
---------------------	-----------

Excess of funds provided over funds applied resulting in an increase of working capital during the year of	714,000
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Deficiency of working capital, beginning of year	377,338
--	---------

Working capital, end of year	\$ 336,662
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(See accompanying notes to consolidated financial statements)

Notes to Consolidated Financial Statements

October 31, 1969

1. *Supplementary letters patent*

On April 25, 1969 the Company obtained supplementary letters patent under which, among other things,

- a) the authorized capital was decreased by cancelling the then existing 3,600 6% preference shares of a par value of \$10 each;
- b) each of the 3 then issued and outstanding common shares was sub-divided into 70,857 shares without par value;
- c) the authorized capital was increased to 3,000,000 shares without par value.

On May 29, 1969 further supplementary letters patent were obtained changing the Company from a private to a public company and changing its name from Talex Corporation Limited to Ripley International Limited.

2. *Acquisition of subsidiaries, principles of consolidation and translation of U.S. currency*

The accompanying consolidated financial statements include the accounts of the wholly-owned subsidiary, Talex California, Inc., as well as the accounts of the newly-acquired subsidiaries to the extent referred to below.

On April 28, 1969, the Company acquired all the issued and outstanding shares in the capital stock of Talex Illinois, Inc. and of International Wax Museums Limited in exchange for the issue from treasury of 210,000 shares of the Company's capital stock. The accounts of these subsidiaries (including the accounts of London Wax Museum of Florida, Inc., a wholly-owned subsidiary of International Wax Museums Limited) are consolidated with those of the Company on the pooling of interests basis of accounting; accordingly, the consolidated financial statements include the assets and liabilities and items of income and expense of these companies as though they had always been subsidiaries and the shares issued by the Company in exchange for their shares are included in the consolidated balance sheet at the values at which the subsidiaries' shares were originally issued. Amounts set out in the comparative consolidated balance sheet at October 31, 1968 have been restated to reflect this basis of accounting.

On April 30, 1969, the Company, through a newly-incorporated, wholly-owned subsidiary, Talex New York, Inc., purchased all the issued and outstanding shares of Ripley Enterprises, Inc., John Arthur Exhibitions, Inc., Ripco, Inc., B.I.O.N. Enterprises Corporation and Ripley Museum, Inc. (the "Ripley Companies") for a total cash consideration, including legal and other costs, of \$4,404,466. The accompanying consolidated balance sheet at October 31, 1969 includes the accounts of the Ripley Companies with the excess of the purchase price of their shares over the underlying book value of the net assets acquired applied to trademarks (\$3,177,048) and to exhibition materials, office and other equipment (\$979,236). The accompanying statements of consolidated earnings and retained earnings and of source and application of funds include the results of operations of the Ripley Companies from date of acquisition to October 31, 1969.

The consolidated financial statements also include the accounts of Standard Outdoor Advertising, Inc., a wholly-owned subsidiary, which was incorporated in October 1969.

Transactions of the subsidiaries are in most instances effected in United States currency. Current assets and current liabilities of the subsidiaries have been converted into Canadian currency in the accompanying consolidated balance sheet at the rate of exchange prevailing at October 31, 1969 and other assets and liabilities at the rates applicable at dates acquired or incurred. Income and expenses, other than depreciation and amortization, of the subsidiaries have been converted to Canadian currency in the accompanying statement of consolidated earnings and retained earnings at the average rate of exchange prevailing in the year.

Because the operating results of the subsidiaries acquired in the year ended October 31, 1969 have a significant effect on the consolidated results of operations for the year then ended, a meaningful comparison cannot be made with the consolidated operating results for the preceding year; accordingly comparative figures for that year are not set out in the accompanying statements of consolidated earnings and retained earnings and of source and application of funds.

3. *Depreciation of fixed assets and amortization of leasehold improvements*

Rates and bases of depreciation of fixed assets and amortization of leasehold improvements are as follows:

Buildings—5% per annum, straight line basis.

Exhibition materials, office and other equipment—at rates ranging from 2% to 25% depending upon estimated useful life, in part on a straight line basis and in part on a diminishing balance basis.

Leasehold improvements—over the terms of the respective leases on a straight line basis.

4. *Deferred expenses*

These consist of:

Museum set-up expenses	\$ 81,358
Financing expenses	93,200
	<u>\$174,558</u>

The Company's policy is to amortize museum set-up expenses over the life of the leases of the respective museum properties.

Deferred financing expenses which include legal, audit, and other costs relating to the obtaining of the term bank loan and the sale of shares as referred to in note 7 below are being amortized over a ten year period commencing July 1, 1969.

Deferred pre-opening expenses of \$25,700 included with deferred expenses at October 31, 1968 were fully amortized against operations in the year ended October 31, 1969.

5. *Term bank loan*

The bank loan bears interest at 1½% above the bank prime rate of interest in New York and is repayable in fifteen quarterly instalments of U.S. \$50,000 commencing August 1, 1970 with the balance due on May 1, 1974. In addition to the aforementioned quarterly instalments, to the extent consolidated net earnings (as defined) of the Company and subsidiaries in fiscal years commencing with the year ending October 31, 1970 exceed \$200,000, prepayments equal to the lesser of \$125,000 or 50% of such excess are required to be made on February 1 of the year following such fiscal year. The required prepayments may be made by the Company in whole or in part in advance.

The bank loan is secured by assignments of certain trademarks, by the guarantees of all subsidiaries and by the pledging of all of their shares. In connection with the loan, the company has agreed, among other things,

- a) to maintain its consolidated working capital at not less than \$150,000. For this purpose consolidated working capital is defined as the excess of current assets over current liabilities exclusive of any currently due portion of the term bank loan.
- b) not to make certain cash disbursements (as defined), including cash dividends, in any year in excess of 50% of consolidated net earnings (as defined) for the preceding year.

6. *Mortgages*

Mortgages which are secured by the real estate of a subsidiary consist of:

6¼% first mortgage due March 1, 1980	\$78,262
6% second mortgage due February 1, 1971	8,600
	<u>86,862</u>
Less principal instalments due within one year included with current liabilities	12,037
	<u>\$74,825</u>

7. *Share capital and share purchase warrants*

In addition to the 210,000 shares issued in exchange for shares of Talex Illinois, Inc. and International Wax Museums Limited as referred to in note 2 above, the Company issued shares from its treasury during the year as follows:

Number of shares	Consideration	Amount credited to share capital
3,571	Cash	\$ 25,000
2,428	Assumption by shareholder of company debt	16,996
571,430	Cash, pursuant to an underwriting agreement	3,760,010

Of the Company's authorized but unissued share capital, 60,000 shares are reserved in respect of outstanding warrants to purchase shares at any time to April 30, 1974 at \$10 per share, which price is subject to adjustment in certain circumstances. These warrants were issued in consideration of the making of the bank loan referred to in note 5 above and the obtaining of certain interim financing in connection with the purchase of the Ripley Companies.

A further 50,000 authorized but unissued shares are reserved in respect of an employees' share option plan under which full time senior officers and employees may be granted options, exercisable within five years from the granting thereof, to purchase up to that number of shares in the aggregate at a price of not less than 90% of the market price of the shares at the date of grant of the options. At October 31, 1969 options had been granted on 33,000 shares under the plan entitling the employees concerned to purchase shares at \$7 per share at any time to mid 1974.

8. *Commitments*

The Company and its subsidiaries are committed under various lease and other agreements, subject to renewal options in certain instances, in respect of museum and office premises, and in respect of certain exhibition materials and rights, to minimum annual payments of approximately \$183,000 in 1970 reducing in stages to \$19,000 in 1978 and in each of the following 19 years.

9. *Income taxes*

At October 31, 1969 certain subsidiaries had aggregate losses totalling approximately \$10,000 which are available to apply for income tax purposes against such profits as may arise in future years, within the limitations prescribed by taxation law.

Pro Forma Statement of Consolidated Earnings

For the Year Ended October 31, 1969

Income from museum operations, royalties and other sources	\$1,855,342
Operating costs and expenses other than those noted below	927,905
	<u>927,437</u>
Deduct:	
Bank loan and other interest	106,171
Depreciation and amortization of leasehold improvements	90,637
Amortization of museum pre-opening and set-up expenses	51,519
Amortization of financing expenses	9,816
Executive salaries	82,540
	<u>340,683</u>
Pro forma earnings before income taxes and extraordinary item	586,754
Pro forma income taxes	267,600
	<u>319,154</u>
Pro forma earnings before extraordinary item	
Extraordinary item being reduction in income taxes of a subsidiary through carry forward of prior years' losses	14,000
Pro forma earnings for the year	<u>\$ 333,154</u>

(See accompanying notes to the above statement)

AUDITORS' REPORT

To the Directors of Ripley International Limited:

We have examined the pro forma statement of consolidated earnings of Ripley International Limited and subsidiary companies for the year ended October 31, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion this statement presents fairly the results of the companies' operations for the year ended October 31, 1969, after giving effect to the adjustments set forth in note 2 to the statement, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada,
December 31, 1969.

Clarkson, Gordon & Co.
CHARTERED ACCOUNTANTS

Notes to the Pro Forma Statement of Consolidated Earnings

For the Year Ended October 31, 1969

1. *Basis of Pro Forma Consolidation*

On April 30, 1969 the Company acquired all the issued and outstanding shares in the capital stock of Talex Illinois, Inc. and International Wax Museums Limited and at the same date, through a newly-incorporated wholly-owned subsidiary, purchased all the issued and outstanding shares of Ripley Enterprises, Inc., John Arthur Exhibitions, Inc., Ripco, Inc., B.I.O.N. Enterprises Corporation and Ripley Museum, Inc. (the "Ripley Companies"). In October 1969 an additional wholly-owned subsidiary, Standard Outdoor Advertising, Inc., was incorporated.

The accompanying pro forma statement of consolidated earnings incorporates the operating results of all subsidiaries including the operating results of the newly-acquired subsidiaries noted above as though such subsidiaries had been purchased on November 1, 1968.

2. *Pro Forma Adjustments*

The pro forma statement of earnings gives effect to the following adjustments in the six months ended April 30, 1969, the date of purchase of the newly-acquired subsidiaries referred to in (1) above.

- a) Bank loan and other interest has been increased to reflect an allowance for additional interest which would have been charged had a bank loan of U.S. \$1,000,000 required to partly finance the purchase of the Ripley Companies been obtained on November 1, 1968.
- b) An allowance has been made for the amortization over a ten year period of financing costs totalling \$98,108 incurred in connection with the obtaining of the aforementioned bank loan and the issue pursuant to an underwriting agreement dated June 25, 1969, of 571,430 shares of the company's capital stock for a total consideration of \$3,760,010.
- c) To April 30, 1969 certain subsidiaries paid salaries to their executive officers which varied from year to year, and certain of the other subsidiaries paid management fees. The employment of these officers, as well as the contracts giving rise to the management fees, terminated on that date; accordingly, amounts paid in respect of such salaries and fees have been eliminated in the pro forma statement of consolidated earnings and have been replaced with allowances for remuneration of the Company's executive officers at current salary rates fixed by employment contracts.
- d) Travel and promotion expenses incurred by the officers of subsidiaries whose employment was terminated as explained in (c) above are not considered representative of costs subsequently incurred; accordingly, such prior expenses have been eliminated from operating costs in the pro forma statement of consolidated earnings and have been replaced with allowances for travel and promotion expenses based on company estimates.
- e) Amounts included in the pro forma statement of consolidated earnings for depreciation of fixed assets have been increased above amounts charged by the Ripley Companies to reflect additional depreciation which would have been charged in the period had the Ripley Companies been acquired at November 1, 1968. This additional depreciation is in respect of the portion (\$979,236) of the excess of the purchase price of the shares of such companies over underlying net book values which has been allocated to fixed assets.
- f) Certain non recurring costs incurred by the Ripley Companies prior to November 1, 1968 were deferred and amortized against operations in subsequent periods. The amortization of such costs ceased at April 30, 1969 and accordingly amortization charges in the prior six month period have been eliminated in the pro forma statement of consolidated earnings.
- g) Amounts shown for income taxes have been provided at the effective rates applicable in the jurisdictions in which the Company and its subsidiaries operate.



[®] *Ritz-Carlton* **Believe It or Not!** Museum in St. Augustine, Florida

The story of Old St. Augustine

To better acquaint you with the nature and scope of your company's operations, this first Annual Report contains in the pages which follow, a description of the area in which our oldest museum is located.

On March 27th in the year 1513 a fleet of three Spanish ships, under the command of Don Juan Ponce de Leon, discovered the mainland which they named Florida because the day was Easter Sunday (PASCUA FLORIDA). On April 8th with sword, royal patent, and the flag

of Spain, they laid claim to their discovery for the Spanish Crown. This claim made Spain one of the chief contenders for the great new Continent.

Ponce de Leon had hoped to find gold on these shores and perhaps the land of "BIMINI" where, Indian legend told him, was a fountain with waters of marvellous curative powers. Having discovered neither gold or the fabled "Fountain of Youth" he and his companions set sail five days later, never to return.

More than half a century passed before the area made history again. In 1564 a French expedition under the command

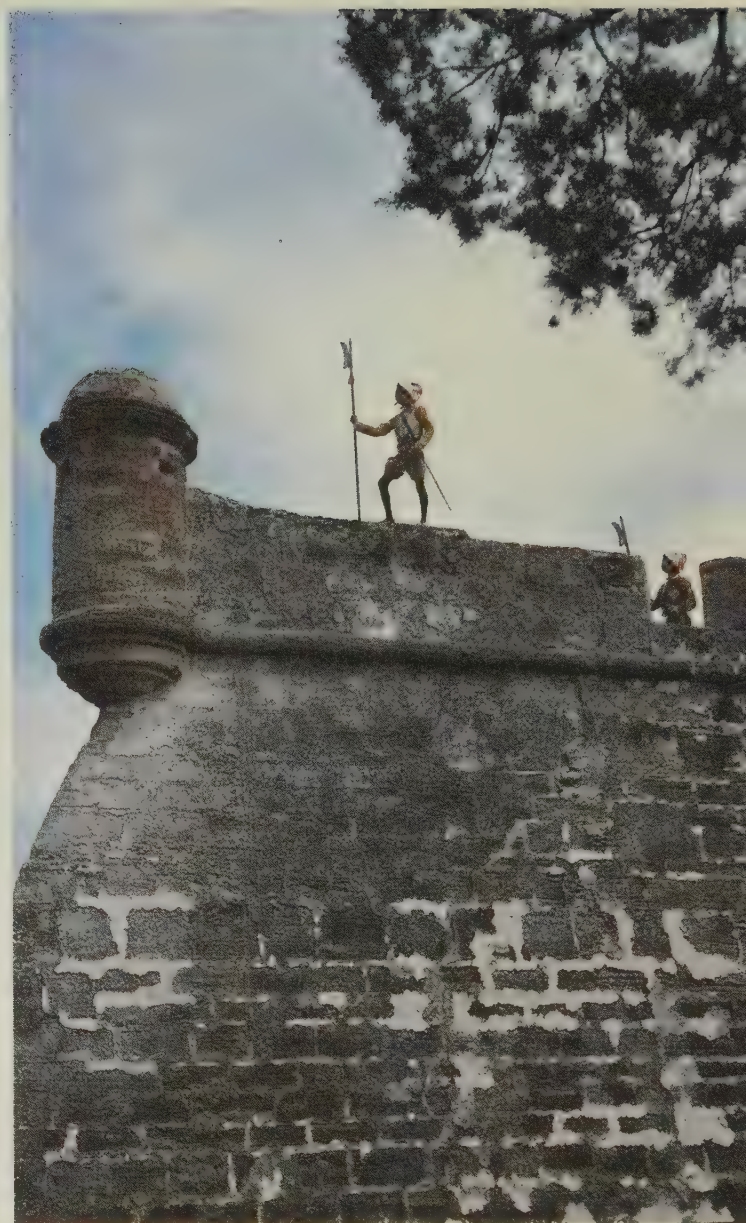
of René de Laudonnière cast anchor near St. Johns River (40 miles north) with the purpose of establishing a fort there. Thus France also laid claim to Florida, and the contest of Empires was on.

On September 8th, 1565, Don Pedro Menéndez de Avilés, Spain's No. 1 Admiral, with solemn ceremony took possession of the area once again, planting the colors of Castile and Aragon, he named it St. Augustine because he had first sighted it on August 28th – St. Augustine's Day.

Menéndez had been sent to Florida for the express purpose of driving out colonists of other nations and establishing Spain's exclusive claim to North America. For two years he fought to carry out his commission, fighting off the French and establishing fortifications along the coast from Cape Florida to Santa Elena. Feeling his task accomplished, Menéndez returned to Spain in 1567. In the years that followed the Settlements that Menendez founded suffered their ups and downs; the Indians became increasingly hostile; missionary efforts to convert them to Catholicism were not very successful and Spanish Florida soon became a military outpost.

Twenty-one years after its founding, St. Augustine suffered the first of several disastrous attacks launched against her. Sir Francis Drake, who had already become a terror to Spanish shipping, arrived at St. Augustine with a great fleet, with 2,000 fighting men aboard. The Spanish Governor, incapable of withstanding such a force, led his men to escape under the cover of night. The English, discovering the place deserted, pillaged and burned the town and its fort.

After Drake's fleet had departed the Spanish soldiers and residents returned from hiding to rebuild. The new City was laid out in accord with plans prescribed for Colonial settlements by King Philip II. "In a cold climate the streets shall be wide; in a hot climate the streets shall be narrow". (Narrow streets were thought important to provide ready shade.) The Plaza in the centre of the town was to serve not only as a public



Watchtower of Castillo de San Marcos, the oldest existing fort in the United States

meeting place and market – as in most Spanish towns – but also as a military parade ground; the Palace of the Governor, the Church and certain other public buildings, were built around the Plaza. "Castilla de San Marcos" was the main feature of the plan of defence. Fearing the British would return for more plunder the elaborate quadrangular four-bastioned Coquina rock stronghold was begun in 1672. Today it is considered the oldest standing fort in the U.S.A.

Clashes between the British and Spanish did become more frequent and in the early 18th century a series of attacks came against St. Augustine and her impregnable fort. First Governor Moore of Carolina, then Colonel Palmer, and then General Oglethorpe of Georgia attempted conquest of the City. Oglethorpe laid siege to St. Augustine twice (1740 and 1743) but returned to Georgia on both occasions without having won the prize he sought. St. Augustine,

along with the rest of Florida, was ceded to England in 1763 in exchange for the return of Havana and at last the English came into possession of the Fort they had repeatedly failed to capture.

Under English rule St. Augustine changed little. Fireplaces, chimneys and steep gabled roofs were introduced. Some of the streets were renamed, but in general the city kept its Spanish atmosphere.

Following the American Revolution, Florida was ceded back to Spain again. Given their choice between becoming subjects of Spain or leaving St. Augustine most of the English left and unfortunately few Spaniards came this time to help recolonize. Many of the city's houses stood empty until the Royal Governor offered grants of land to Americans who would come down and settle. With this St. Augustine began to grow again, but before too long there was a movement to have the territory annexed to the United States. Spain had no power to hold her claims and the second Spanish occupation of St. Augustine came to an end, brief and undistinguished.

There was a period of peace at this point, but as more and more white settlers came to Florida, conflict with the Indians increased. The United States Government made a Treaty with the Seminoles agreeing to exchange their Florida lands for equal territory in the West. Troubles began when the Government tried to enforce the terms of the Treaty. The terrors of Indian warfare followed – ambush, fighting, raids and massacres – and continued until 1842 when all but a few hundred of the Seminoles had been moved West. At the outset of the war between the States, Florida ceded from the Union January 10th, 1861, but in March of the following year a gunboat of the Federal Navy threatened to shell the city of St. Augustine and the fort surrendered leaving it in Federal control during the remainder of the war.

Following the Civil War, St. Augustine was on the decline again, because few visitors would endure the discomfort of stagecoach travel to reach the city, but transportation gradually im-

proved and travellers began to rediscover St. Augustine. Among these early visitors were writers of prominence and their articles and books about the old Spanish city attracted still more visitors to this land of sunshine and flowers. It was a millionaire – an associate of John D. Rockefeller – Henry Morrison Flagler, who brought St. Augustine to the attention and acclaim of the world at large. Thrilled by the untainted Old World Spanish flavour of the city and pleased by its mild climate, Flagler proclaimed it the Riviera of America. He connected the old city to New York with a great railroad; then built the glamorous Ponce de Leon and Alcazar Hotels from architectural models in old Spain. Swiftly the City became conscious of its assets and of the significance of its history. Crowds of winter visitors began coming at once, and the area never looked back.

The building now occupied by Ripley's Museum was constructed by a Mr. Warden in 1885 and became known as Castle Warden. He was semi-retired when Flagler became interested in the development of Florida, but he was asked to come to St. Augustine and perhaps assist in the construction of the railroad along the East Coast. The story is that Warden came to Florida but, after considering the magnitude of the project, declared he would not put a penny in the railroad but would build a large home as he liked the area.

Robert Ripley never lived at Castle Warden, as many visitors to our Museum suspect. He often passed by the building and spoke of it as an ideal showplace, but it was not until after his death in 1949 that it became the home of the world's most unique collection of art objects, oddities and curiosities.

Originally, the more valuable and personal items of Mr. Ripley's collection were assembled at his homes in New York and Palm Beach, Florida. In 1950, hundreds of carefully selected pieces were gathered together at Castle Warden to become the first permanent Ripley attraction and the prototype for later shows. This show still remains a favourite, maybe its popularity is due to the fact that much of what was once

Ripley's personal property is housed here; or perhaps the secret lies in the special charm of Castle Warden, located as it is in the Old World setting of St. Augustine. Whatever the reason, the Ripley Museum continues to share in the increasing popularity that the area in general enjoys. Success and modernity have not made St. Augustine a night club town; a mecca of the racing crowd or a centre of luxury high rise hotels. Instead it has preserved its ancient heritage and remains comfortably in the past – but with one foot in the present and a keen eye to the future. Today the city has one of the state's finest bathing beaches, hundreds of splendid camp sites, many excellent motels and a wide variety of good restaurants featuring American, Minorcan, Spanish and French foods. In addition, it has many top tourist attractions. It is also one of the finest Florida areas for deep sea, surf, inlet and pier fishing.

It is visited annually by over 2½ million American and foreign tourists, who enjoy temperatures ranging in winter from a high of 80° to a low of 60°, and from 90° down to 72°F. in the summer. The nights are always fanned by cool ocean breezes. The picturesque narrow streets are still the top attraction, and tourists have the opportunity to ride around and view the many splendid buildings with their flower bedecked balconies and walled gardens, in colorful horse-drawn carriages of bygone days.

The greatest single historical attraction is the famous and massive Castillo de San Marcos; this magnificent fort is located within a block of our Ripley Museum. Most visitors to St. Augustine cross its drawbridge every year to walk through its dungeons, climb its ramparts and recall its proud history.

Other famous landmarks include the beautiful Flagler buildings; the "Great Cross" which towers 200 ft. over the Mission Nombre des Dios (erected in 1965 to commemorate the 400th Anniversary of St. Augustine); the Oldest Spanish House, maintained by the St. Augustine Historical Society and the Old Spanish Treasury. During the 10 years since their restoration program



St. George St. – part of the restored area.

was begun, the St. Augustine Historical Restoration and Preservation Commission has restored 11 First Spanish Period buildings, 4 British Period structures, 12 Second Spanish Period buildings, and 2 early American ones. Some of the buildings have been restored by the Commission itself, while others have been restored by private corporations and individuals.

In addition to all this, St. Augustine will benefit from the influx of tourists brought to the area with the opening of Disney World, a vast entertainment project being constructed near St. Augustine and scheduled to open in 1971. It is expected to attract 8 million visitors annually when completed. All things considered, it is plain that the number of visitors to St. Augustine could very easily be doubled by 1975.

Museum Locations

Niagara Falls, Ontario, Canada

Fisherman's Wharf, San Francisco, California

Old Town, Chicago, Illinois

Times Square, New York City

St. Augustine, Florida

St. Petersburg Beach, Florida

Subsidiary Companies

Talex California, Inc.

Talex Illinois, Inc.

Talex New York, Inc.

Ripley Enterprises, Inc.

Ripley Museum, Inc.

B.I.O.N. Enterprises Corporation

Ripco, Inc.

John Arthur Exhibitions, Inc.

International Wax Museums Ltd.

London Wax Museum of Florida, Inc.

Standard Outdoor Advertising, Inc.

Airmen Hurt Car Goes Bank

LD CENTER — Two Force men stationed Base in Bangor were day morning when the in which they were ed to turn and went abankment into a small

in good condition Sun- at Sisters Hospital, Wa- 21-year-old Lawrence of Southfield, Mich., y police as the owner y of the 1958 Austin and George A. Smith, n, Ohio, the only pas-

er sustained a fractured face lacerations, and est injuries. X-rays

LEY'S BELIEVE IT C



ON VII WHO RULED BEARN, province of France, for 41 YEARS, ED INSTEAD OF HIS TWIN BROTHER WHEN A DELEGATION ENTERED URSERY IN 1174 GASTON WAS RING PEACEFULLY, BUT BROTHER WAS SLEEPING H CLENCHED FISTS

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RINGING ROCKS Pottstown, Pa. E CAN BE PLAYED BY HITTING THEM WITH A HAMMER

E IT OR NOT!



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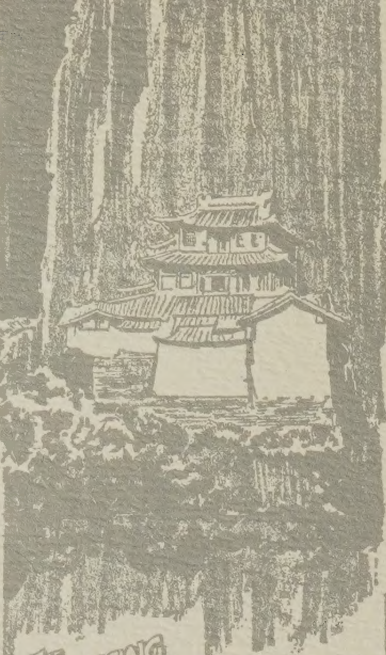
it going down the car went head and plun- in which only water was run- The young m Norridgewock were taken to balance.

Fairfield Poli- Labbe was the- er. Assisting hi- Maine State F- Holbrook of- Martin O. You- John Parkin o-

Firemer Two Cal Rubbish

A rubbish fu- and a grass b- Avenue caused- the city's fire- day afternoon

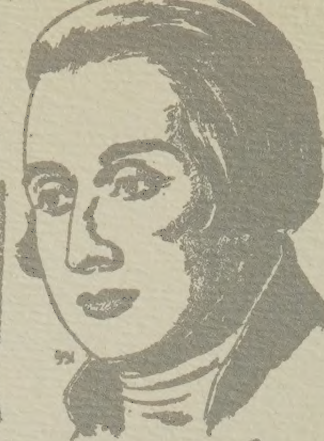
LEY'S BELIEVE IT C



THE HANGING PAGODA OF TONKIN Indochina

A 3-STORY STRUCTURE BUILT ON THE BARE FACE OF A CLIFF - 260 FEET ABOVE THE GROUND - AND HELD IN PLACE ONLY BY 12 HUGE SPIKES!

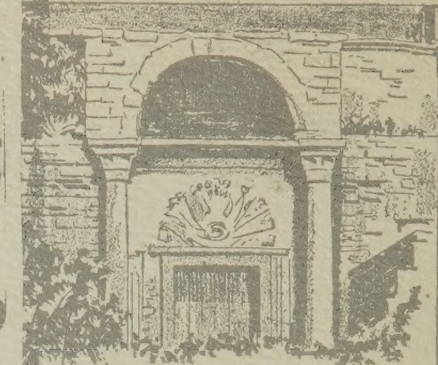
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COUNT JOSEPH LAGRANGE (1736-1813) WAS A MATHEMATICS PROFESSOR at the Military College of Artillery, Torino, Italy, WHEN HE WAS 17 YEARS OF AGE

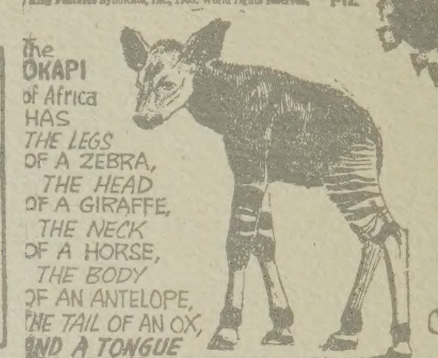


THE FAVORITE DISH of King Charles II of England WAS EGGS COOKED IN AMBERGRIS - A RARE SUBSTANCE PRODUCED BY WHALES, AND MORE VALUABLE THAN GOLD



THE GOLDEN GATE of the Castle of 7 Towers, Istanbul, Turkey, BECAUSE OF A LEGEND THAT A CONQUEROR WOULD INVADE THE CITY THROUGH THIS ENTRANCE HAS BEEN WALLED UP FOR 500 YEARS

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THE OKAPI of Africa HAS THE LEGS OF A ZEBRA, THE HEAD OF A GIRAFFE, THE NECK OF A HORSE, THE BODY OF AN ANTELOPE, THE TAIL OF AN OX, AND A TONGUE



DR. JOE of Baku IN NINE-1 ON A LENG COUR 3 HOL

NRRISE
DITION

TORONTO
100 YEARS OF SERVICE IN THE
Seattle Post-Int
The Great Newspaper Of The Gr

Published daily and Sunday and entered as second class matter at Seattle, Wash.

LXIX. NO. 83

SEATTLE, WEDNESDAY, MAY 22, 1963



A CHAIR in San Antonio, Texas, MADE FOR TEDDY ROOSEVELT FROM 62 SETS OF BUFFALO HORNS

By Ripley

School Levy

Had \$500,000:

Armored

FBI H

Ship

Sports Summary

Senators Finally Win for Hodges, Split With Yanks

The Washington Senators finally did it yesterday, they won a ball game.

It wasn't easy, but the Nats squeaked past the Yankees, 7-6, in the second game to salvage a split of a doubleheader in New York City and snap an eight-game losing streak. The Senators lost the first game, 7-1. That second-game victory was the first for the Nats under new manager Gil Hodges.

League-leading Baltimore swept a doubleheader from Cleveland, 10-6 and 6-1, to running the Orioles' winning streak to eight straight. In the National League, the Los Angeles Dodgers edged San Francisco, 4-3, trimming the Giant's lead to two games.

Complete Sports, B4-B9

Ripley's Believe It or Not!



THE FISH THAT CAN DROWN! THE LEPSIDOSIREN of South America MUST COME UP TO THE SURFACE FOR AIR



5-28



THE ROYAL KITCHEN of King Frederick William II in Potsdam, Germany, IN AN ATTEMPT TO GIVE IT A ROMANTIC DECOR WAS BUILT INSIDE A MOCK RUIN OF AN ANCIENT ROMAN TEMPLE

THE MOST PESSIMISTIC WOMEN IN THE WORLD

WIVES on the island of Ouessant, France, BECAUSE THEIR HUSBANDS ARE CONSTANTLY SAILING THROUGH PERILOUS STORMS IN DISTANT SEAS